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STATE FOR NEA/ARP, EB/CBA, EB/TRA/AN  
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COMMERCE FOR COBERG

E.O. 12958: N/A  
TAGS: [EAIR](#) [ECON](#) [EINV](#) [PREL](#) [MU](#)  
SUBJECT: TRANSPORT MINISTER UPDATES BUSINESS COMMUNITY ON  
AIRPORT DEVELOPMENT

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Summary  
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¶1. (SBU) The Minister of Transport and Communications, accompanied by project design consultants, briefed the local business community on February 7 on the progress of new terminal construction at Muscat's Seeb and Salalah international airports. Tenders will be issued once the detailed design work is completed on both projects, with an emphasis placed on local products. Oman's stake in Gulf Air remains in question. End Summary.

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New Terminals  
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¶2. (U) Econoff attended a February 7 address by Sheikh Mohammed bin Abdullah al-Harthy, Minister of Transport and Communications, on the development of Oman's airport infrastructure to the membership of the Oman Chamber of Commerce and Industry. Joined by technical consultants from ADPI (a subsidiary of Airports de France) and architectural and engineering design firm COWI-Larsen (in association with Copenhagen Airports), al-Harthy announced that the Ministry was proceeding with plans to complete construction of new passenger and cargo terminals at Muscat's Seeb and Salalah International airports by 2010, the 40th anniversary of the Sultan's rule.

¶3. (U) The Seeb project entails the construction of a new mid-field, 32 jetway passenger terminal with a capacity of 12 million passengers per year. To be built in four stages, the design allows for the expansion of the facility to accommodate up to 48 million passengers per year by 2015. The Seeb project also includes a new 3900 meter runway, control tower, and a 200,000 ton cargo facility. The Salalah project calls for the construction of a new six jetway passenger terminal designed to accommodate two million passengers per year, along with 100,000 tons of cargo capacity to complement the Port of Salalah and the Salalah Free Zone.

¶4. (U) The consultants have completed the preliminary design work for both projects, and the Ministry expects to release tenders once the detailed designs are finalized. The Minister strongly emphasized the importance of local content in completing both terminals, and encouraged local vendors to partner with national and international firms.

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15. (SBU) Comment. The new Seeb terminal is designed with the transit passenger in mind, as there are plans for a 40 room airside hotel, shopping arcade, and food court. What remains undecided is whether those passengers will be transiting via Gulf Air or Oman Air. During the DVD presentation on the terminal projects, the planes featured in the architect's designs exclusively sported Oman Air's livery, both on narrow body and wide body aircraft, as opposed to that of Gulf Air, in which the government is a 50% stakeholder. During a February 6 dinner event, a high-ranking Ministry of Commerce official confirmed that the government was considering selling its Gulf Air stake to the Bahraini government. Furthermore, Oman Air announced on February 4 that it would be holding an extraordinary shareholders' meeting on February 28 to discuss a proposal to increase its capital from \$34.5 million to \$130 million, a possible precursor to initiating substantial fleet expansion plans.

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